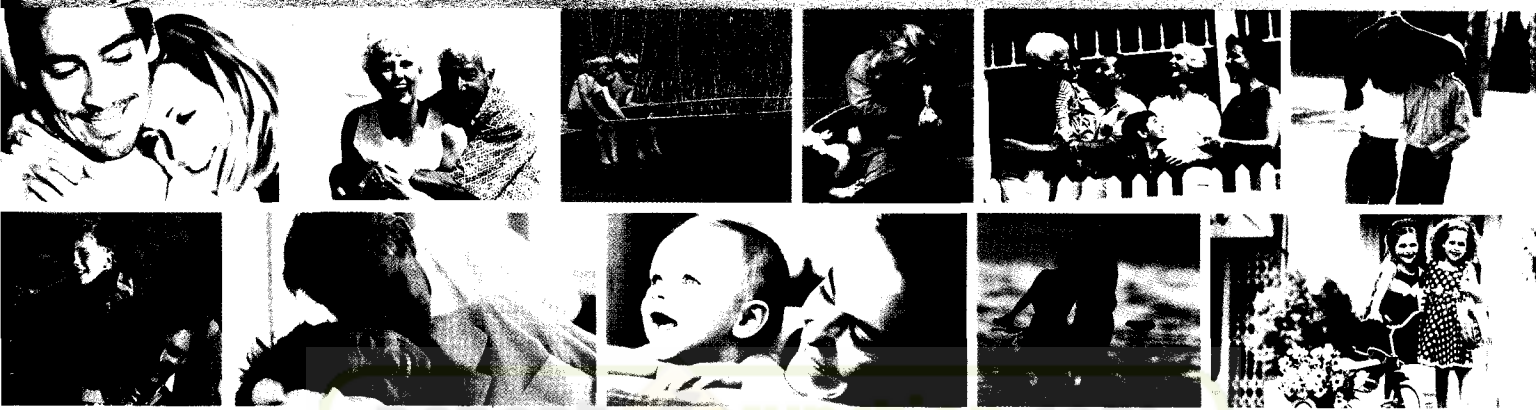


ANNUAL REPORT 2005-2006



Love grows with time. So have we.

Love grows with time. So have we.

27 years of spreading the word of love, and today, everywhere you see love, you see us. Whether in the misty landscape of a distant hill station, by the fluttering cornfields of the countryside, in the spiraling cacophony of a suburb mall, or the serene environs of your neighbourhood bazaar.



We've indeed come a long, long way, from the day we opened our first shop—somewhere in the alleys of Delhi—with a dream in our eyes. And today, we can see that very dream come to life, through our chain of over 400 stores, spread across the length and breadth of this myriad country. Stores that sell much more than products. Stores that lend the people around, a reason to smile; a reason to celebrate. Moments of life. Life itself.

Board of Directors

Anil Moolchandani

Chairman cum Managing Director

Jagdish Moolchandani

Executive Director

Pramod Arora

Executive Director

Vijayant Chhabra

Executive Director

Rohinton H. Kanga

Director

Sunil Behl

Director

Arun Singhal

Director

Ajit Ganpatlal Shah

Director

Report  Junction.com

Company Secretary

Ashok Kumar Binder

Auditors

M/s Uberoi Sood & Kapoor

Bankers

Citibank N.A.

ICICI Bank

IndusInd Bank

Registered Office

A-17, Naraina Industrial Area

Phase II, New Delhi 110028

Corporate Office

C-113, Naraina Industrial Area

Phase I, New Delhi - 110028



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YEAR AT A GLANCE

(Rs. in Lacs)

S. No.	Particulars	2005-2006	2004-2005	2003-2004
1.	TOTAL TURNOVER	8496.94	7377.03	6682.26
2.	OTHER INCOME	60.90	97.69	87.78
3.	TOTAL EXPENDITURE	7268.99	6303.88	5742.28
4.	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)	1288.85	1170.84	1027.76
5.	PBDIT AS A % OF TOTAL TURNOVER	15.17	15.87	15.38
6.	INTEREST	46.94	43.26	43.10
7.	DEPRECIATION	200.35	161.70	156.18
8.	PROFIT BEFORE TAX (PBT)	1041.56	965.88	828.48
9.	PBT AS A % OF TOTAL TURNOVER	12.26	13.09	12.40
10.	PROVISION FOR TAXATION	369.83	362.36	295.60
11.	PROFIT AFTER TAX (PAT)	671.73	603.52	532.88
12.	PAT AS A % OF TOTAL TURNOVER	7.91	8.18	7.97
13.	PAID UP EQUITY SHARE CAPITAL	650.62	650.62	650.62
14.	RESERVES (EXCLUDING REVALUATION RESERVES)	5383.39	4869.70	4416.76
15.	NET WORTH	6034.01	5516.87	5060.14
16.	EARNING PER SHARE (IN RS.)	10.32	9.28	8.19
17.	BOOK VALUE PER SHARE (IN RS.)	92.75	84.80	77.78
18.	DIVIDEND (%)	20	20	25
19.	AMOUNT OF DIVIDEND	130.12	130.12	162.65
20.	RETURN ON AVERAGE NET WORTH (%)	11.63	11.41	10.88
21.	RETURN ON AVERAGE CAPITAL EMPLOYED (%)	17.37	17.82	16.85



DEAR SHAREHOLDERS

We've flipped through the pages of yet another year. And keeping up with our tradition of glorious achievements, we have left behind a string of cherishable moments. Moments marked with consistent growth. And with promise for the future. Today, as we stand at the threshold of yet another new beginning, let's catch a glimpse into the year gone by.

I would start off by sharing some figures—ones that would most definitely bring a smile to your lips. During the last fiscal year, the company recorded a turnover of Rs.84.96 crores. And those who are keeping a track would know instantly, that this figure exceeds last year's by a remarkable Rs.11.20 crores.

Over the years, we have spread the word of love, across the many coloured terrain of this nation. So much so that today, every single person who has in some way or the other been in love, has heard of us. Reasons enough to believe that our past investments have paid off remarkably.

While most would have regaled at this thought, we have decided to build upon this remarkable status. And this, we have initiated by getting into an aggressive investment mode. A phenomenon you would witness in the years to come.

As a part of this drive, we have already opened up 32 company-owned stores in the last 15 months taking the total number of stores to 76 as on date, and are planning to open up 170 new stores in the coming 36 months. This not only helps us reach out to the people more efficiently but also brings about a much-needed consistency in the product offering, as well as the services we extend. Also, it brings about a uniformity in the consumer experience, thus extending a remarkable milieu to the brand Archies.

Keeping up with our innovative approach, we have recently ventured into a completely new domain altogether—that of fashion jewellery and accessories for the youth—with the launch of Stupid Cupid.

Today's youth is predominantly fashion conscious. Also, this generation is open to experimenting when it comes to fashion. A breed who believes in making a statement, through every little thing they do, with every little thing they wear. With this insight in mind, we launched Stupid

Cupid in Delhi and Mumbai.

As of now, there are 9 operational Stupid Cupid stores, a number that would soon touch 15, by the end of this financial year.

In addition to all this, we are constantly bringing about more and more variety in our product offerings. Leveraging our sourcing prowess from the Far-East, South East Asia and Europe, we are constantly introducing new and innovative gifting solutions to our consumers. Also, we have taken long strides in building up on our core product segment—greeting cards. This includes a whole range of hand crafted, musical, as well as talking cards—ones that help people express their emotions in a much more eloquent manner.

And all this has been possible because of our strong back-end support. Right from the sourcing stages to getting the product onto the store shelf, our expansive and formidable supply chain has set just the right example for others to emulate.

And with so much having happened over the last one year, it goes without saying that we have indeed shone right through. And believe that this light would illuminate our way, as we step into yet another year ahead.

Thanking You,

Yours Sincerely,

ANIL MOOLCHANDANI
Chairman-cum-Managing Director



The Charions of Love

Some say, love is in the air. We say,
love is all around.

Not without reason. With over 75
company-owned stores and hundreds
of franchisee outlets spread across the
nation, we have touched the strings of
many a heart. For over 27 years now.

So much so, that today, whenever
anyone thinks of wishing their loved
ones, there is an Archies store around.

But there's much more to it than mere
numbers. For we spent all these years
knowing people, understanding their
feelings, feeling their emotions. By
being a part of their celebrations. And
more importantly, by touching their
lives. Just to lend them a reason to
smile. Anytime. Everytime.

And we would like to believe that
this is only the beginning. For we
are planning to open up 170 more
company-owned stores, in the near
future. In the process, expanding our
reach by more than two-fold of what
it is today.



